

## **FINDING OF EMERGENCY**

### **HEALTHY FAMILIES PROGRAM ADOPTION OF REGULATIONS TO ELIMINATE THE DENTAL BENEFIT CAP.**

As described below, the Legislature has declared that during the 2009-10 and 2010-11 fiscal years the adoption of regulations to modify Healthy Families Program (HFP) health, dental, and vision benefits, and otherwise modify the program requirements and operations, is an emergency. At its June 15, 2011 meeting, the Managed Risk Medical Insurance Board (MRMIB) confirmed that the proposed regulations modify HFP program requirements and operations as they remove the dental coverage cap of \$1,500. A copy of the Adoption of Emergency Regulations adopted by the Board is attached.

### **SPECIFIC FACTS DEMONSTRATING THE NEED FOR IMMEDIATE ACTION**

HFP is California's state- and federally-funded Children's Health Insurance Program (CHIP), established pursuant to Title XXI of the federal Social Security Act. MRMIB administers HFP. HFP provides comprehensive health, dental, and vision insurance to low-income children under age 19 with family income above the Medi-Cal income eligibility levels. (Insurance Code sections 12693 et seq.). Approximately two-thirds of the funding for HFP is provided by the federal CHIP. (42 U.S.C. 1397aa et seq.).

Insurance Code section 12693.63(d)(1) provides:

The board may establish a cap on the amount of dental coverage provided to a subscriber in a given benefit year effective on and after the first day of the fifth month following enactment of the 2008 – 09 Budget Act. This dental coverage cap shall not be lower than one thousand five hundred dollars (\$1,500) per subscriber per benefit a year.

In 2008 the Board adopted regulations establishing the \$1,500 dental cap. The regulations became effective January 15, 2009. The statute is permissive; there is no requirement that the Board establish a cap. At its June 15, 2011 meeting, the Board determined to remove the cap.

Insurance Code section 12693.22 states:

During the 2009-10 and 2010-11 fiscal years, the adoption and readoption of regulations to modify health, dental, and vision benefits or otherwise modify program requirements, and operations consistent with the provisions of this part shall be deemed to be an emergency and necessary for the immediate preservation of public peace, health and

safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the board is hereby exempted from the requirement that it describes facts showing the need for immediate action and from review by the Office of Administrative Law.

The proposed regulation modifies program requirements and operations and, for that reason, pursuant to Insurance Code section 12693.22, is deemed to be an emergency.

### **AUTHORITY AND REFERENCE CITATIONS**

Authority: Sections 12693.21, and 12693.22, Insurance Code.

Reference: Section 12693.21, 12693.22, and 12693.63, Insurance Code.

### **INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW**

Policy Statement: The objective of the proposed regulation amendment is to remove the dental coverage cap of \$1,500.

Insurance Code 12693.63 permits MRMIB to establish an annual cap not lower than \$1,500 on dental coverage provided to children enrolled in HFP. Title 10, California Code of Regulations, Chapter 5.8 implements HFP. Presently, the regulations provide for an annual dental benefit maximum of \$1,500.

A summary of the proposed regulation's effect on existing law and regulations follows:

#### **2699.6707 Annual or Lifetime Benefit Maximums**

Section 2699.6707 explains the annual and lifetime benefit maximums in the HFP.

MRMIB is amending section 2699.6707(b)(2) by adding language to provide that the \$1,500 annual dental benefit cap will continue only through September 30, 2011. The proposed regulation would eliminate the dental cap effective October 1, 2011.

### **TECHNICAL, THEORETICAL, AND EMPIRICAL STUDY OR REPORT**

None.

## **DETERMINATIONS**

The Proposed Substantial differentiation from existing comparable Federal Regulation or Statute: None

Mandates on Local Agencies or School Districts: None

Mandate Requires State Reimbursement Pursuant to Part 7 (commencing with section 17500) of Division 4 of the Government Code: None

Costs to Any Local Agency or School District that Requires Reimbursement Pursuant to Part 7 (commencing with section 17500) of Division 4 of the Government Code: There are no costs to local agencies or school districts that would require reimbursement.

Costs or Savings to Any State Agency: The State will have additional expenditures of approximately \$1.45 million in Fiscal Year 2011-2012. It is anticipated that State Agencies will be able to absorb these additional cost within their existing budgets and resources.

Costs or Savings in Federal Funding to the State: The Federal government will have additional expenditures of approximately \$2.7 million in Fiscal Year 2011-2012.

Costs or Savings to Individuals or Businesses: There may be some impacts on dental plans and providers.